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MINISTRY OF COMMERCE AND INDUSTRY

NOTIFICATION

New Delhi, the 16th December 1957

S.R.O. 4005.—Whereas in the opinion of the Central Government it is expedient so to do;

Now, therefore, in exercise of powers conferred by sub-section (1) of section 12 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952), the Central Government hereby makes the following further amendments in the Bye-laws of the Bombay Oilseeds and Oils Exchange Ltd., Bombay a draft of the same having been previously published as required by sub-section (4) of the said section, namely:—

In the said Bye-laws:—

I. For Bye-law 211, the following shall be substituted namely:—

“241. (1) The Board may decide with the previous concurrence of the Forward Markets Commission to provide for periodical settlement in transferable specific delivery contracts through the Clearing House on such days as may be fixed by the Board from time to time.

(2) The powers conferred on the Board by clause (1) may also be exercised by the Forward Markets Commission in any case where the Forward Markets Commission is of opinion that an emergency has arisen or exists, and the Board has failed to exercise powers”.

II. After Bye-law 243, the following shall be inserted, namely:—

“243A (i) If on any day the closing rates of groundnut or castorseed rise or fall by more than Rs. 10 per candy over or below the last settlement rate, than an emergency shall be deemed to exist and an automatic settlement clearing shall take place thereafter in respect of hedge and transferable specific delivery contracts in groundnut, castorseed, linseed and cottonseed on the basis of the closing rate on the day on which emergency shall be deemed to have existed:

Provided that the provisions contained in this clause shall not apply when such rise or fall in the closing rates of groundnut or castor-seed has taken place on the day immediately preceding the clearing day.

- (ii) In respect of such automatic settlement clearing, the members shall exchange slips on the second working day of the day on which such rise or fall in prices as stated in clause (i) of this bye-law takes place.
- (iii) The inward payment along with the balance sheets and all other statements as are required to be submitted under the Bye-laws for clearing shall be submitted to the Clearing House on the working day following the day on which slips are exchanged under clause (ii) above. Outward payment shall be made as early as possible:

Provided that the Board on its own or upon a request may extend the inward payment day or the time for exchange of slips.

- (iv) The bye-laws relating to normal settlement clearing shall apply to such automatic settlement clearing.

III. Bye-law 283C shall be re-numbered as clause (i) thereof, and the following shall be inserted as clause (2), namely:—

“The Forward Markets Commission may, in any case where in its opinion an emergency exists and advises the Board to take action under clause (1) of this Bye-law and the Board does not take such action, or, where in its opinion it is expedient in the interest of trade so to do, direct the closure of the market for a period not exceeding five consecutive days, and may, if the Commission is of opinion that it is necessary so to do, in like manner direct the extension of closure for such further period not exceeding five days at a time as the Commission may think fit, so however, that the total period of closure shall not exceed fifteen days.”

IV. In Bye-laws 259A and 296A for the words “hedge contracts” the words “hedge contracts and/or transferable specific delivery contracts in the commodities in which trading in hedge contracts is permitted under these bye-laws” shall be substituted.

V. In Bye-law 296C—

- (a) for the words “hedge contracts” wherever they occur the words “hedge contracts and/or transferable specific delivery contracts in the commodities in which trading in hedge contracts is permitted under these bye-laws” shall be substituted;

(b) after clause (b), the following shall be inserted, namely,

- “(bb) The Board may by resolution passed by itself and concurred in by the Forward Markets Commission fix such limits upon daily trading by members, or upon the net open position of members, concerning hedge and/or transferable specific delivery contracts as the Board may consider necessary or desirable in respect of such daily trading or net open position; provided that the resolution of the Board shall be effective after it has been communicated to the Forward Markets

Commission and the Exchange does not hear within 48 hours of communication of such resolution from the Commission anything to the contrary".

(c) in clause (c) for the brackets, letters and words "(a) and (b)" the brackets, letters and word "(a), (b) and (bb)" shall be substituted.

VI. In Bye-law 297—

(a) In clause (2)

(i) After the words "passed by a simple majority" the words "and concurred in by the Forward Markets Commission" shall be inserted.

(ii) For the words "like majority" the words "resolution passed by a like majority and concurred in by the Forward Markets Commission" shall be substituted;

(b) for clause (4), the following clause shall be substituted, namely:—

"(4) If the resolution under sub-clause (1) (a) or (b) hereof is passed during a non-delivery period the Board may, subject to the provisions contained in sub-clause (3), at least seven days after the date on which the said resolution comes into force, by a resolution passed by a simple majority and concurred in by the Forward Markets Commission, declare the resolution under sub-clause (1) (a) or (b) to be at an end";

After clause (4), the following clause shall be inserted, namely:—

"(5) In this Bye-law wherever the concurrence of the Forward Markets Commission is necessary for any resolution passed by the Board, the resolution of the Board shall be effective after it has been communicated to the Commission and the Exchange does not hear within 48 hours of communication of such resolution from the Commission anything to the contrary.

(6) The Forward Markets Commission may, in any case where in its opinion an emergency exists and advises the Board to take action under sub-clause (a) and (b) of clause (1) and clause (2) of this Bye-law and the Board does not take such action, or, where in its opinion it is expedient in the interest of trade so to do, exercise aforesaid powers conferred on the Board."

VII. In Bye-law 298—

(a) the words and figures "subject to bye-law 302, by $\frac{1}{4}$ majority with 12 Directors present" shall be omitted;

(b) after clause (6) the following clause shall be inserted, namely:—

"(7) The resolution passed by the Board under this By-law shall become effective after it has been communicated to the Forward Markets Commission and the Exchange does not hear within 48 hours of communication of such resolution from the Commission anything to the contrary".

VIII. After Bye-law 298, the following bye-laws shall be inserted, namely:—

"298A. If the Forward Markets Commission is of opinion that continuation of trading in hedge contracts for any delivery or deliveries and/or transferable specific delivery contracts in any delivery or

deliveries is detrimental to the interest of the trade or the public interest, or to the larger interest of the economy of India and so notifies the President, then notwithstanding anything to the contrary contained in these bye-laws, or in any hedge and/or transferable specific delivery contracts made subject to these bye-laws, every hedge and/or transferable specific delivery contract relating to any delivery or deliveries notified under this bye-law and entered into between a member and a member or between a member and a non-member then outstanding, shall be deemed closed out at such rate or rates, appropriate to such contract or contracts and with effect from such date as shall be fixed by the Forward Markets Commission, after obtaining the views of the Board if considered necessary, and the provisions of clauses (3), (4), (5) and (6) of bye-law 298 shall apply as if they form part of this bye-law.

298B. (1) Where the Forward Markets Commission considers it expedient so to do, it may call for periodical information relating to hedge and/or transferable specific delivery contracts entered in by members in such form and in such manner as may be specified.

(2) In particular, and without prejudice to the generality of the foregoing power, such information may relate to—

- (i) contracts entered into by a member with another member on his own account,
- (ii) contracts entered into by a member on behalf of his each client,
- (iii) business of non-members appropriated by the member to himself".

IX. In Bye-law 299, the following proviso shall be added, namely

“Provided that the resolution passed by the Board under this Bye-law shall be effective after it has been communicated to the Forward Markets Commission and the Exchange does not hear within 48 hours of communication of such resolution from the Commission anything to the contrary”.

X. In Bye-law 301 to clause (a), the following proviso shall be added, namely:—

“Provided that the resolution passed by the Board under this Bye-law shall be effective after it has been communicated to the Forward Markets Commission and the Exchange does not hear within 48 hours of communication of such resolution from the Commission anything to the contrary.”

XI. In Bye-law 302, figure and word “298 or” wherever they occur shall be omitted.

[No. 45-Exp (17)/56-TMP.]
K. V. VENKATACHALAM, Jt. Secy